

Message Text

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72

ACTION NEA-12

INFO OCT-01 ISO-00 AGR-20 EB-11 COME-00 SWF-02 AID-20

IGA-02 OMB-01 TRSE-00 CIAE-00 DODE-00 INR-10 NSAE-00

PA-04 RSC-01 USIA-15 PRS-01 SPC-03 EUR-25 EA-11 DRC-01

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R 141520Z MAR 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 0249

INFO AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

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PASS AGRICULTURE (FAS AND ERS)

E.O. 11652: N/A

TAGS: EAGR IN

SUBJECT: INDIAN FOODGRAIN SITUATION

REF: A. NEW DELHI 3322

B. NEW DELHI 2747

SUMMARY: WITH THE VERY DRY WEATHER CONDITIONS OF THE LAST TWO MONTHS CONTINUING THROUGHOUT MOST OF INDIA, WE ARE REVISING OUR ESTIMATE OF THIS YEAR'S WHEAT CROP AND TOTAL FOODGRAIN CROP TO APPROXIMATELY 23 METRIC TONS AND 105-106 MILLION TONS, RESPECTIVELY. NO MAJOR DEMONSTRATIONS OR RIOTS HAVE OCCURRED IN RECENT DAYS DUE TO FOOD SHORTAGE PROBLEMS. INDICATIONS ARE THAT ALL THE GRAIN UNDER THE 2.0 MILLION TON RUSSIAN LOAN AGREEMENT WILL NOT BE IMPORTED BY JUNE 30 AS ORIGINALLY PLANNED. THE STATE CHIEF
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MINISTERS AND AGRICULTURAL MINISTERS WILL MEET ON MARCH 16 TO FORMU-

LATE POLICIES AND PROCUREMENT PRICES FOR THIS YEAR'S WHEAT CROP.
END SUMMARY.

1. WEATHER CONDITIONS CONTINUE VERY DRY IN MOST PARTS OF INDIA. WITH CONTINUING ADVERSE WEATHER SITUATION OF THE LAST TWO MONTHS, COUPLED WITH THE SHORTAGE OF FERTILIZERS, PRESS ARTICLES HAVE BECOME MORE AND MORE PESSIMISTIC OVER THIS YEAR'S WHEAT CROP AS WELL AS THE LIKELY TOTAL FOODGRAIN CROP FOR 1973-74. TOP OFFICIALS IN THE MINISTRY OF AGRICULTURE IN THEIR PUBLIC PRONOUNCEMENTS CONTINUE TO TAKE AN OPTIMISTIC VIEW, ALTHOUGH THEY HAVE STATED THAT THIS YEAR'S RABI CROP MAY BE ADVERSELY AFFECTED BY THE CURRENT DRY WEATHER AND SHORTAGE OF FERTILIZER. THE AGRICULTURAL PRICES COMMISSION, WHOSE VIEWS SOMETIME DIFFER FROM THE MINISTRY, HAS INDICATED IN A REPORT RECENTLY ISSUED THAT "FOODGRAIN PRODUCTION IN THE CURRENT YEAR MIGHT NOT BE SIGNIFICANTLY DIFFERENT FROM THAT IN 1970-71" I.E. 108 MILLION TONS. DUE TO THE CONTINUING DRY WEATHER, COUPLED WITH THE SUBSTANTIAL UNDER-UTILIZATION OF TUBEWELLS AND PUMPSETS FOR IRRIGATION IN MANY OF THE MAJOR WHEAT AREAS (BECAUSE OF ELECTRICAL AND FUEL OIL SHORTAGES), WE ARE REVISING OUR ESTIMATE OF THIS SPRING'S WHEAT CROP TO APPROXIMATELY 23 MILLION TONS, WITH THE TOTAL 1973-74 FOODGRAIN CROP ESTIMATED AT APPROXIMATELY 105-106 MILLION TONS. HARVESTING OF WHEAT IN THE MAJOR PRODUCING AREAS IN NORTHERN INDIA WILL COMMENCE DURING THE FIRST PART OF APRIL.

2. WHILE THE FOOD SITUATION CONTINUES TO BE DIFFICULT IN SEVERAL PARTS OF INDIA, NO MAJOR DEMONSTRATIONS OR RIOTS OCCURRED DURING RECENT DAYS DUE TO FOOD SHORTAGES. CIVIL DISTURBANCES IN THE WESTERN STATE OF GUJARAT CONTINUE UNABATED, BUT THESE ARE NOW MAINLY OF A POLITICAL NATURE RESULTING FROM THE POPULAR DEMAND FOR DISSOLUTION OF THE STATE LEGISLATURE. THERE HAS BEEN SOME FURTHER IMPROVEMENT IN SUPPLIES AND A FALL IN THE PRICES OF FOODGRAINS IN GUJARAT AND MAHARASHTRA FOLLOWING ARRIVALS OF THE NEW LOCAL WHEAT CROP AND THE REMOVAL OF INTER-STATE RESTRICTIONS ON THE MOVEMENT OF COARSE GRAINS.

3. FOODGRAIN IMPORTS IN FEBRUARY TOTALED 372,000 TONS, INCLUDING 10,000 TONS OF WHEAT AND 96,000 TONS OF GRAIN SORGHUM FROM THE U.S. AND 266,000 TONS OF WHEAT UNDER THE RUSSIAN LOAN AGREEMENT. THE RUSSIAN LOAN WHEAT INCLUDED 107,000; TONS FROM AUSTRALIAN 13,000 TONS FROM CANADA, AND 146,000 TONS OF RUSSIAN-ORIGIN WHEAT.
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4. A TOTAL OF 794,000 TONS OF WHEAT HAS BEEN IMPORTED THROUGH FEBRUARY UNDER THE RUSSIAN LOAN AGREEMENT, INCLUDING 172,000 TONS OF RUSSIAN-ORIGIN WHEAT THAT BEGAN ARRIVING DURING JANUARY 1974. RECENT INDICATIONS ARE THAT ALL THE GRAIN UNDER THE AGREEMENT WILL NOT BE IMPORTED BY JUNE 30, AS ORIGINALLY PLANNED. THIS IS SAID TO BE DUE TO THE PROBLEM OF ARRANGING FOR RUSSIAN AND INDIAN FLAG VESSELS TO TRANSPORT THE RUSSIAN-ORIGIN WHEAT. A GOI OFFICIAL HAS

INDICATED THAT CANADIAN AND AUSTRALIAN-ORIGIN WHEAT CAN BE SHIPPED NOT ONLY ON INDIAN OR RUSSIAN FLAG VESSELS, BUT ALSO THIRD COUNTRY VESSELS. RUSSIAN-ORIGIN WHEAT, HOWEVER, IS TO BE SHIPPED ONLY ON RUSSIAN OR INDIAN VESSELS IN APPROXIMATELY EQUAL PROPORTIONS.

5. TOTAL DOMESTIC GRAIN PROCUREMENT BY THE CENTRAL AND STATE GOVERNMENTS FROM THE 1973-74 FALL AND WINTER HARVESTS WAS APPROXIMATELY 3.04 MILLION TONS OF RICE (MILLED BASIS), AND 305,000 TONS OF COARSE GRAINS UP TO ABOUT MARCH 10. SO FAR, THE ONLY STATES WHICH HAVE REACHED OR EXCEEDED THEIR RICE PROCUREMENT TARGETS ARE HARYANA AND UTTAR PRADESH. NO STATE APPEARS LIKELY TO COME CLOSE TO ITS COARSE GRAIN PROCUREMENT TARGET.

6. THE AGRICULTURAL PRICES COMMISSION HAS RECOMMENDED FOR THIS YEAR'S WHEAT CROP PROCUREMENT PRICES RANGING FROM RS. 90-100 QUINTAL WITH RS. 95 PER QUINTAL RECOMMENDED FOR THE PREDOMINANT INDIAN WHEAT VARIETIES. THIS COMPRES WITH PROCUREMENT PRICES FOR LAST YEAR'S CROP RANGING FROM RS. 71-82 PER QUINTAL WITH RS. 76 PER QUINTAL FOR THE PREDOMINANT VARIETIES. THE STATE CHIEF MINISTERS AND AGRICULTURAL MINISTERS WILL MEET IN NEW DELHI ON MARCH 16 TO CONSIDER THE COMMISSION'S RECOMMENDATIONS AND TO FORMULATE PROCURMENT PRICES AND POLICIES FOR THIS YEAR'S WHEAT CROP. IT SEEMS LIKELY THAT CHANGES WILL BE MADE IN PROCUREMENT AND POSSIBLY DISTRIBUTION POLICY.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL PRODUCTION, IMPORTS, GRAINS, STOCKPILES, FOOD ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 14 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974NEWDE03549
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740343/aaaaboqh.tel
Line Count: 140
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A. NEW DELHI 3322
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 14 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14-Aug-2002 by boyleja>; APPROVED <14-Aug-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INDIAN FOODGRAIN SITUATION
TAGS: EAGR, IN
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005